

President's News Conference on Foreign and Domestic Matters

Following is a transcript of President Reagan's news conference last night in Washington, as recorded by The New York Times.

OPENING STATEMENT

Good evening. I have a statement. I'm gratified that bipartisan consensus on arms control is emerging from the recommendations of the Soviet-American Commission. The commission's combined into one package three of our top-priority goals: modernization, deterrence and arms control. And I'm integrating their arms control recommendations into our START proposals. I will also support their proposal to develop a small, single-warhead missile for more stable deterrence in the future.

Many in the Congress have shared their thinking on arms control with us. Close cooperation can show the Soviets that we Americans stand united, ready to negotiate in good faith until we succeed in reducing the level of nuclear weapons on both sides.

Working together, and exploring initiatives such as a proposed mutual build-down of strategic or nuclear forces, we can keep America strong and achieve arms reductions that strengthen the peace and benefit all mankind.

I congratulate both Appropriations Committees for their bipartisan approval of the MX Peacekeeper missile recommended by the Soviet-American Commission.

I look forward to prompt approval of this vital program by the full House and Senate. It will be one of the most important arms control votes of the 98th Congress.

The Soviet Commission demonstrated it could take on a complex issue and achieve bipartisan agreement. The question now is whether the Congress can also reach a consensus with the resolution and unity to strengthen our national security, reduce the risk of war and ultimately achieve reductions of nuclear weapons.

QUESTIONS AND ANSWERS

Budget Deficit

Q. Mr. President, in February 1981 you predicted a balanced budget for 1984, and now according to your arithmetic, we'll be \$190 billion in debt — deficit — for 1984. How will this affect our economic recovery program, and I'd like to follow up.

A. Helen, I think the fact is in February of '81 we were speaking in terms of all of the economic advisers there are, and no one foresaw the falling off of the stock market and the big dip in the economy since 1979 in this country and no one knew or believed that it was going to take the big dip that it took and which many people referred to as a separate recession.

I altered, naturally, our estimates on that. We know that we're going to have to have a sizable deficit in '83 and '84. But what we're doing is our budget planning, and running into some objections, is set us on a path of decreasing deficits to where we can look down the road a few years and see ourselves approaching a balanced budget. This was what the '84 budget was designed to do. And I don't see of course about 50 percent of the budget deficits we have to say are just or are based on the recession, and as we have recovery and begin to come out of this, that will have an effect also on the size of the deficit.

Q. Since you've drawn a line on tax increases and further defense cuts, would you cut domestic spending? I mean, to reduce the deficit further?

A. Well, in the budget that I submitted, we called it sort of a freeze at the time, and what it was based on was the 1983 budget, the present budget plus 4 percent across the board for domestic spending, and this was on an estimate that we would be facing inflation down to 4 percent by '84. So it was a freeze for '84, the '83 budget adjusted for inflation. Well we have inflation down to less than 4 percent, and so if we adopted that freeze, it would be giving a real increase, over and above inflation, of the '83 spending. And I don't think that's a bad thing. And that's why I still think that it is a budget that should be considered. Because that budget would have set us — started us — on the line of declining deficits, Jim?

Crisis in Mideast

Q. Mr. President, with the Syrians balking joining the Middle East negotiations, how will you and Ambassador Habib manage to encourage them to take part in the withdrawal and really, what reason do you have to be optimistic that this will be a success?

A. Well for one thing the Syrians are on record. They were invited by Lebanon to come in and help them in the troubles that were going on in Lebanon, and now Lebanon has said they are no longer needed and has invited them out. But, as the Syrians have repeatedly said that when the other forces leave, when the Israelis leave and so forth, they, too, will leave Lebanon.

Now I grant you they're saying some different things today. But I also know that a number of the Syrians are urging them to stick with their word and to leave when all forces are prepared to leave. And I can't see how the Syrians want to find themselves alone separated from all other Arab allies.

Q. Mr. President, to follow up on Jim's question, what specifically is the United States willing to do to encourage Syria to leave. For instance, something of the kind that the negotiating role to the Soviets if that would help or willing to offer U.S. military and economic aid to Syria to encourage them to withdraw their troops from Lebanon?

A. Well I think we've made it kind of — I think they should be able to see

Another subject: The Senate will soon reconsider or consider — no, reconsider is the proper word — a budget resolution. Some say the Congressional budget process is at stake. I say the stakes for the American people are greater. The real question is, how do we keep our hard-won economic recovery moving forward, or do we stop recovery by reversing course? The answer for most Americans is clear.

In January, I proposed a common-sense budget to reduce deficits through defense cuts and a domestic spending freeze with virtually no new taxes in 1984 or '85. The House and the Senate Budget Committees said no. They have voted to increase domestic spending and to raise the people's taxes by over a quarter of a trillion dollars.

That's \$350 billion for a typical family over the next five years, enough to pay for nearly nine months of grocery bills.

By raising, supporting the so-called Domenici compromise, with less defense and more domestic spending than I really wanted — and to no avail.

It is time to draw the line and stand up for the people. I will not support a budget resolution that raises taxes while we're coming out of a recession. I will veto any tax bill that would do that. And I will veto any bill that would rekindle the fires of inflation and high interest rates.

The American people don't send us to Congress to continue raising their taxes, spending more on wasteful programs or weakening our defenses. They send us there to stop that. And that's what we're going to try to do.

Now, Helen:

Q. Mr. President, do you subscribe to the theory that large budget deficits in the range of \$200 billion and such, as we have now, will help to stop that inflation that we're going to see? Or will it just lead to more inflation?

A. If interest rates were to go off the course, but I don't see any sign of that, and they have come down considerably, as I repeatedly said, to half of what they were just a short time ago and when we started. I know that that reason for the marketplace can sometimes inflame the people in the marketplace, and we have to watch that. But all of the economic indicators are such that I see no reason why they should be going up. As a matter of fact, I think that we're going to see a further drop in interest rates.

Q. Mr. President, may I follow up? Because you mentioned the word perception — many people believe that if you respond Paul Volcker as chairman of the Federal Reserve Board, that will give confidence to Wall Street. Will you respond Paul Volcker?

A. No, I've said before, we don't discuss the possible approaches that face us until the time comes; and when the time is right, why we will get together on that subject and decide what our course is going to be. And that's the way it's going to be.

Q. Mr. President, several recent episodes suggest that some Administration officials are putting self-interest ahead of the public interest. I refer specifically to an assistant press secretary's promotion of a weapons system while receiving a \$50,000 consulting fee from that manufacturer of that weapons system, to an Assistant Secretary of Defense's recommending that Government weather satellites be sold at the same time he was negotiating for a job with the company that was selling the satellites and to the U.S. Information Agency's practice of giving high-paying jobs and contracts to relatives of the President's friends of top Administration officials. How do you feel about all this, sir? Is this a double standard in your Administration?

A. Well, I think since every one of these things that you've mentioned is being dealt with by the Government, I think it's reasonable to expect that there might be a perception of wrongdoing, have come up with the Government. I think it goes back to what has been an attempt on the part of some to portray our Administration as always being in the pocket of the big money. And I would like to state that in all of the cases, back over these two years and several months, none of the allegations were ever proven and everything turned out all right. But then as time goes on, there's a tendency to refer to it as a double standard.

And it reminds me of a producer in Hollywood once who refused to hire a director because he was afraid that he would be the director for what turned out to be a failure. And the next time the director's name came up, the producer said, "I don't want to hire him because he was associated with one of the worst failures I ever had." I think there's something of that kind that goes on that has been — that we've been doing.

Now, the people that were hired by U.S.I.A., I think it is being well-managed and I think there's been a vast improvement in that agency under its present director.

And the young people that were hired were hired because they were eminently well-qualified for the jobs. And I think in many cases, like most of the people that were appointed to Government, they took those super-high-paying jobs at something of a discount, in a sense, because they could get out into civilian life.

Q. Mr. President, wouldn't they have an entree that someone coming in from the street would not have in a similar situation?

A. Well, isn't almost anyone who is in the position in charge of government someone that you either know or know through someone? Because how else do you find the kind of people that you want to hire?

Nepotism, in my line, would be if the person in charge was handing out jobs to his relatives. And there's nothing of that kind going on here, Jerry.

Q. Mr. President, you Big Four advisers have been in the White House for some time on policy and tactical matters, the pragmatists versus the true believers. And this at times has been something of a bit of a problem. Is the fighting is over in the White House, how did you end it? And if it's military and economic aid to Syria to encourage them to withdraw their troops from Lebanon?

A. Well I think we've made it kind of — I think they should be able to see



President Reagan meeting yesterday with Republican leaders in Congress. From the left, they were Representatives Jack Edwards of Alabama and Robert J. Lagomarsino of California.

and since then has lived up to the letter of the law and been a very fine, productive citizen. And those are the terms for pardoning someone, so we pardoned him.

View on Withholding Tax

Q. Mr. President, not long ago you expressed in no uncertain terms your anger at the nation's bankers, or several of them, for what you termed misinformation on the business of withholding. Now it appears that withholding will go through the Senate as it went through the House today by a margin that's large enough to override a veto. You threatened to veto it before. Will you still?

REAGAN: Well, I'm not going to comment on that bill because I understand that there is some talk of some other or other of a compromise in it. And I'm going to wait and see what they come up with there on the Hill. Deborah?

Arms Violation by Soviet

Q. Mr. President, six weeks ago you said that there were serious grounds for questioning Soviet compliance with arms control agreements, and that you might have more to say about that. Since then, the United States has confirmed that the Soviets have again tested the missile that has been raising U.S. concern. With the talks resuming today with the Soviets over a new arms control agreement, do the American people have a right to know if you believe the Soviets have violated past ones?

A. It isn't so much as whether we believe, it's a case of whether we have the evidence to actually pin down an infraction. And you said they tested the weapon again; we even aren't sure that this is the same weapon or that they're testing two weapons. But with the information that we have from our own trying to verify what is going on, yes, we have reason to believe that very possibly they were in violation of the SALT agreement. And we have appealed to them for more information on the weapon they tested. So far, they have not provided that information to us. So all we can tell you is that we have a very great suspicion but, again, you can't go to court without a case and without the solid evidence; and it's too difficult and we don't have that. Funds?

Yes, Funds for Education

Q. Mr. President, you recently received a report on education which stated that if an unfriendly foreign power had imposed on America the mediocre educational performance which exists today, we might have viewed it as an act of war. In your '84 budget request, you asked for about \$13.5 billion in Federal funds for the Department of Education, and over \$23 billion for the Department of Education. Is it in light of the report to reassess your priority?

A. Not really, because, you see, education is not the same responsibility of the Federal Government, and the total budget for education in the United States is far greater than that. Federal aid to education is about \$4.9 billion, and that's a 200 percent increase, and it was during that period that the testing scores, the college entrance tests and so forth, began to decline so severely. Now, we've appointed a commission to study and bring back a report on what we felt was a decline in education in our schools. They brought back a masterful report, and I think that's what we're suggesting for more money.

What they're talking about can be corrected without money. It takes leadership, it takes some return to basics, it takes having students that now have to learn what they're supposed to learn in a class before they're moved on to the next class just because they've come to the end of the year. And there's an awful lot of that going on. It also takes required courses in English, in the basics, in mathematics, in science — particularly in high school.

And yet we've seen a time in which you can get credits toward graduation for cheerleading in some of our schools. Or how would you grade a graduate by getting straight A's in

bachelor life? We think there's some common sense that is needed, and so we've proven that throwing money at it isn't the answer, and the Federal Government can never match the funding of schools at the local and state level, where we created the greatest public school system the world has ever seen and then have let it deteriorate, and I think you can make a case that it began to deteriorate when the Federal Government started interfering in education.

Q. I'd like to follow up. I realize that many of the things in the report could be done without further increases in funds, but they also recommended more school days, longer school years, better quality teachers — I think many public school systems would tell you they don't have the money to do that. Where are they going to get it?

A. Well I don't know there's so many of those things — there would be some increase in money there, I'm sure. But again, how much is being wasted on some things that aren't contributing to their education that could be transferred to that? And I think that — well right now there are three — Time magazine, just a few days ago, had an article in there about three inner-city high schools — one in the Bronx, N.Y., one in Los Angeles, one in Austin, Texas. And just by changes from the principal's office down in leadership, these schools have become what schools are supposed to be, the extent that students are leaving private schools to transfer to these public schools. And I want to implement as completely as possible this plan, that was submitted to us by this commission that was investigating education — and it won't cost \$11 billion, which a nameless gentleman has suggested he would advocate that we spend. Lou?

Latin America Efforts

Q. Mr. President, you've described the Sandinista regime as being oppressive and inimical to our interests in the Western Hemisphere. We don't openly support those 7,000 guerrillas that are in rebellion against the government, giving aid through covert activity?

A. Because we want to keep on obeying the laws of our country, which we observe. We don't support those 7,000 guerrillas that are in rebellion against the government, giving aid through covert activity?

Q. Do you think that if the Sandinista Government remains in power in Nicaragua that that would be a danger to our survival in Central America?

A. Let me answer it this way. We have tried to negotiate. We have tried to talk and to relate in a bilateral basis with the Nicaraguan Government — the Sandinista Government. The only moderate, reasonable, sensible person there, is they're not minding their own business. They are attempting to overthrow a duly-elected government in a neighboring country. They are supplying direction, they're supplying training, they're supplying arms and funds. Let it sit in light of the guerrillas that are trying to overthrow that government.

All we've said to Nicaragua, and the beginning, it became a danger to the American state. Quit trying to subvert your neighbors and we'll talk all kinds of things to you. But there is a country, a government that has not been elected, that then threw out part of its own revolutionary forces because they wanted legitimate democracy, and yet at the same time they're claiming because those same forces those are not remnants of their former allies. And all they want is for that government to keep the promises it made to the Organization of American States, which is a treaty that has been signed by all the nations in the Western Hemisphere, to observe all the democratic principles.

The Mosquito Indians are also fighting because they were chased out of their villages — their villages burned, their crops were destroyed or confiscated by the testing scores, the college entrance tests and so forth, began to decline so severely. Now, we've appointed a commission to study and bring back a report on what we felt was a decline in education in our schools. They brought back a masterful report, and I think that's what we're suggesting for more money.

What they're talking about can be corrected without money. It takes leadership, it takes some return to basics, it takes having students that now have to learn what they're supposed to learn in a class before they're moved on to the next class just because they've come to the end of the year. And there's an awful lot of that going on. It also takes required courses in English, in the basics, in mathematics, in science — particularly in high school.

And yet we've seen a time in which you can get credits toward graduation for cheerleading in some of our schools. Or how would you grade a graduate by getting straight A's in

tainies about whether the withdrawal agreement in Lebanon will succeed, what are the prospects for getting our own U.S. marines out of Lebanon, and it is likely that the number of American troops may, in fact, increase in the near future?

A. Well, you have to remember what the multinational forces went in there for. The multinational forces are there to help the new Government in Lebanon maintain order until it can organize its military and its police and assume control over its own borders and its own internal security. So it could be that the multinational forces will be there for quite a period. And we have to remember eight years of Lebanon being totally divided with literally warring and their own independent militias and so forth, and that's the function and the purpose of them, for our multinational forces being there.

Q. If I could follow up. Do you see their number increasing in the near future?

A. I haven't seen any sign of that. This would depend a lot on Lebanon and their needs, and whether they could demonstrate needs for this.

Government Regulation

Mr. President, Louis Harris recently announced the survey he conducted for Atlantic-Richfield, found that almost 90 percent of those who responded said that government should approve such things, for instance as new toys, for safety before they could be sold. And almost 70 percent said that government should bar TV ads that are misleading. And over all, the poll shows that people want government to interpose itself in the marketplace, especially in the area of consumer products. And I think your own said assertion that Americans think themselves overregulated, what do you make of Mr. Harris' poll?

A. Well, that's a case, also, of which government level is the best one to do this, and whether this requires a gigantic Federal bureaucracy. When I was Governor of California, we did that at the state level, and very effectively. And there were also private sector things — Better Business Bureaus that do much the same thing. But I have to, as you know I'm a Johnny-Now-Note on this a lot, I think that as suggested for the Federal Government, I want to make sure that they aren't the legitimate function of another level of government, and that they can't be better done by another level of government.

Civil Rights Policies

Q. There have been some recent reports, Mr. President, raising the possibility that you might abandon black voters in the event that you seek reelection. Of course that's been denied by all the officials in the White House. Even so, considering the backlash to your Administration's policies in such areas as the budget and civil rights, how do you see your chances with black voters in the event you seek to run again?

A. Jerry, I'd have perfect confidence in our chances with black voters in America if we could get the truth to them.

I know that, again, that word perception has been carried on, and what the perception is.

First of all, you're hearing another official from the White House telling you that no, we're not casting any voters aside. And yes, I do think we have lost a lot.

Now, among the perceptions that somehow our budget cuts have affected the black community more than any other. In our social or changes in social programs, all we have done is reduce the burden on the people that we believe are at an income level that is above what is required for them to be getting some benefits at the cost of the education of their fellow taxpayers.

We have increased our ability to help those truly at the lower extreme. And the very fact of what we've been able to do with inflation. A family that had \$10,000 in 1979 and inflation of 10 percent would have \$11,000. If we had left the inflation rate where it was then, that \$10,000-a-year family would only have \$7,900 in purchasing power. That's like cutting their income by \$2,100.

I think that — and you mentioned about civil rights: We are enforcing civil rights at a record level with regard to the charges made for criminal violation of civil rights. The same is true of our ability — the money that we have regained in wage disputes for people that have been denied their fair wages. We're setting a record in that. We're out ahead of what had been done in the past in any one, number of those items. We have conducted some 21,000 inquiries into voting — we think are suspected voting violations. And, as you know, we have extended the Voting Rights Act for a longer period than has ever been done in history.

What I think is that a pretty good batch of jobs has been done, and a great many people sincerely and honestly believe something that just is not true.

And my belief has always been — and long before I ever got here — that wherever in this land any individual's Constitutional rights are being unjustly denied, it is the obligation of the Federal Government — at point of bayonet (necessarily) to restore that individual's constitutional rights. Q. Mr. President, that statement and some others you have made recently have the markings of a candidate who indeed will run for office. Are you trying to tell us something, or are we misreading you?

A. Jerry, you're misreading to this extent: That a decision that has not to be made yet. But I think it would be to the reason that the answer were no for me, that Republicans would still be under the cloud that I was just describing. And I think that would be very vocal in a campaign in behalf — well, I intend right now to support Congressional candidates, senatorial candidates, gubernatorial candidates, and I intend to use my ability and gubernatorial candidates.